



May 20, 2004

CEC proposed Regulations to Approve Certifiers & TA's for the CCAR

Docket No. 03-QCTA-1

To Whom It May Concern:

Det Norske Veritas Certification, Inc. offers the following comments.

2821. Minimum Requirements for General Certifiers

“Minimum 15 designated staff” is high for an emerging market, considering the current low demand, and available resources with the necessary skill set. DNV suggests lowering this to 10, with gradual increase overtime when the demand substantiates more are needed.

Experience with “air emissions activities” does not directly or even necessarily relate to the experience, qualifications, and skills actually needed to verify/audit GHG emissions under various protocols. The attributes most relevant are education background, experience in following audit trails, seeking objective evidence, communication and verbal skills, credibility and trustworthiness, management systems experience, and in some cases specific industry experience.

2822. Minimum Requirements for Industry-Specific Certifiers

“Industry specific” certifiers, in some cases, may need to meet higher level requirements than the “general certifiers.” For example, large GHG emitters such as in the electric industry sector will often have complex scopes requiring a high level of expertise, experience, and potential liability. Thus, setting a blanket set of lower requirements for (b) and (c) exceptions under 2821 may not be prudent.

2841. Conflict of Interest Submittal requirements for Approved Certifiers

We commend the CEC for attempting to define and enforce COI and for trying to achieve a reasonably high level of COI criteria and requirements.

However, if this section is not carefully researched and worded for the correct intent, and clearly understood by all stakeholders, it has the potential of heading the “process” in unintentional directions. It could cause or lead to arbitrary judgment calls which are hard to defend and that are inconsistent. It also may cause enough uncertainty and stress between the “certifier” and the “participant” leading, unnecessarily, to aborted relationships, and one or more highly credible and reputable “certifiers” permanently opting out of the CCAR arena to preserve long-term strategic and tactical interests. The CEC could conceivably be left entirely with small, local providers, which in the short-term might be ok, but in the long-term could lose credibility in the global arena.

The keys to successfully managing COI is to require “certifiers” to have effective COI/impartiality procedures and to restrict the COI to a particular geography and/or to people as opposed to the organization itself. (As an example, with current technology, it is very impractical, and perhaps impossible, to query a global company’s activities to ascertain a COI for one participant in California at one point in time on a case by case basis. To do this on a worldwide basis is very costly and yields inaccurate information which cannot be relied upon and which is misleading.) It is also imperative that the CEC understand the organizational structure, COI policies and practices, and strategic activities of “certifiers”, and their track record and reputation (history) with regards to COI and conducting impartial business in general. One “bad apple” will certainly cause the whole process to suffer, and no amount of prescriptive requirements will stop their “bad” behavior. So the CEC should rely on independent, reputable “certifiers” with strong track records to “police” their own activities under direct and overt oversight and monitoring or even audits by the CEC or CCAR. The CEC must also rely on its knowledge (or develop it) of the industry players and their behavior and practices in order to insert common sense and practical, meaningful monitoring of the assurance process.

1. The “certifiers” should demonstrate how they manage COI and preserve impartiality:
 - a. Strategic and policy
 - b. Decisions on certification/registration
 - c. Auditing
 - d. Marketing of “consulting” and “certification”
2. Establish open processes for external audit and review by the CEC.
3. The COI should be restricted to “people” and “geography” rather than the organization in its entirety, i.e., if a person within the organization conducts “consulting” within the last 2 years for a CCAR participant he/she cannot perform the “certification.” This is easier to track, monitor, and to hold individuals responsible and accountable, and provides higher assurance.
4. Clearly define what is allowed or not considered a COI as well as what does constitute a COI.

DNV encourages the CEC to consider benchmarking how COI determinations and impartiality process requirements are successfully handled in other organizations such as the International Organization for Standardization (ISO) on a geographic basis, and with regards to related bodies which provide consulting and training.

ISO 14001 EMS utilizes ISO/IEC Guide 66

EU ETS utilizes ISO Guide 65 (Product Certification)

CMP.1 (Article 12) Appendix A-Standards for the accreditation of operational entities:
Modalities and procedures for CDM as defined in Article 12 of the Kyoto Protocol

2853. Commission Visits to Registry Participant's Sites

In conducting 'visits', the CEC should consider adopting a procedure, including scope of the audit (is it limited or full scope), process, methodology, appeals procedures, and checklist, etc. Otherwise the CEC risk undertaking a visit which becomes arbitrary, subjective, and time consuming.

Sincerely,

A handwritten signature in black ink, appearing to read 'Russell V. Thornton', with a long horizontal flourish extending to the right.

Russell V. Thornton
Managing Director, Climate Change and CSR Services

Cc: Mr. Yehuda Dror, General Manager
Mr. Einar Telnes, International Technical Director